

1. THE CZECH REPUBLIC - A COMMERCIAL OVERVIEW

At the beginning of the 20th century, the area that is now the Czech Republic was one of the economic powerhouses of Europe with a manufacturing base that rivaled that of neighboring Germany and the eighth highest per capital income in the world. Two World Wars – and 40 decades of Soviet occupation – held back Czech growth. During the late 90s, a central location in Europe, comparatively low-cost skilled labor, and well-packaged investment incentives induced many U.S., Japanese, and European firms to buy or build factories here, and the region is regaining much of its manufacturing might. In the immediate aftermath of European Union (EU) accession, the Czech Republic is experiencing growth in wages, prices, and the strength of the Czech crown. These factors – combined with an economic slowdown in neighboring Germany – have led to waves of layoffs and increased unemployment. While the country is still a very attractive location of high value-added, precision manufacturing, Czech economic officials are now shifting to attracting high-tech industry and service centers as well as supporting local small businesses and entrepreneurs.

Growing Czech prosperity and EU accession (and associated funding opportunities) offer attractive business opportunities to U.S. firms in several key sectors:

- Industrial parts and equipment (esp. auto sector)
- Telecommunications and computer equipment
- Power generation equipment (esp. renewable energy)
- Environmental equipment and services
- Medical products and services

Because of the Czech Republic's proximity to several other EU accession nations, we recommend a regional strategy. U.S. companies entering Central European markets have found excellent results by participating in regional trade missions and using the Commercial Service's Gold Key program. The Gold Key Service links visiting American firms with potential overseas agents, distributors, sales representatives and strategic business partners. The Gold Key Service is an efficient, effective way to meet potential contacts face to face in Prague.

2. ECONOMIC TRENDS AND OUTLOOK

Since the Velvet Revolution in 1989, the Czech Republic has transformed itself into a western-oriented market economy with more than 80 percent of enterprises in private hands. The economic outlook for 2004 and 2005 is modestly positive, based on continued inflows of foreign investment and growing consumer demand, but more robust growth depends on higher demand in key export markets and completion of a number of key reforms to keep the economy competitive. Growth of around three percent is expected each year. Inflation increased to about 2.5% in early 2004 as changes in value-added tax rates required by the European Union took effect.. Unemployment, reflecting accelerated industrial restructuring, hovers at 10 percent, low by regional standards. The main threat to continued strong economic growth in the medium- to long-term is the growing overall government budget deficit, which by government calculations reached 5.4 percent of GDP in 2003, exclusive of privatization income. Controlling the growth of its budget deficit has been difficult for the current government, which enjoys only a one-vote majority in parliament. The government would like to adopt the euro later in this decade, but its ability to meet the Maastricht criteria depends on its getting a handle on the deficit. With a small, open economy, the Czech Republic is vulnerable to an economic downturn in its principal export market, the European Union. The appreciation of the Czech crown, chiefly due to inflows of foreign investment, moderated in late 2003 and early 2004, but the long-term trend of appreciation is expected to continue. This appreciation tends to cut into the competitiveness of Czech exports, but also helps to account for the low inflation rate. Certain structural reforms, including judicial reform, a new bankruptcy law and privatization of remaining state-owned enterprises, remain to be completed.

Principal Growth Sectors

Foreign investment has played a major role in the development of the Czech economy by providing both management expertise and the capital needed to restructure many Czech firms. While foreign capital flows from the European Union are considerable, the United States remains among the largest investors in the Czech Republic with \$2.1 billion of cumulative direct investment from 1993 through 2003, according to the Czech National Bank. U.S. investment may total as much as \$4.2 billion according to U.S. Embassy calculations, which take into account that many U.S. companies invest in the Czech Republic through subsidiaries in the Netherlands, for tax reasons. Expectations are that U.S. exporters will continue to profit from the Czech Republic's economic transformation, as major upgrades of pollution control equipment, telecommunications equipment and services, energy production and distribution, housing and municipal infrastructure and medical services continue. Plans to privatize government firms in the energy sector, and eventually, the transport and telecommunications sectors, will also bring additional opportunities. The Czech Republic's principal imports include telecommunications equipment, specialized metalworking machinery, non-ferrous metals, plastics, chemicals and transport equipment.

The Government's Role in the Economy

While more than 80 percent of output is produced by the private sector, the government still holds majority or significant stakes in several large Czech enterprises, notably firms in the energy, transportation and communications sectors. The government's role is evolving from owner to regulator in many of these sectors as privatization proceeds. For example, independent regulatory agencies have recently been established in the telecommunications and energy sectors. Tax revenues amount to 37% of GDP. Overall government expenditures in 2004 are expected to total 46.5 percent of GDP. Non-discretionary expenditures, including state

employees' salaries, account for more than 70 percent of the consolidated government expenditures.

Balance of Payments

The Czech Republic normally runs a trade deficit as industrial restructuring and foreign investment replaces worn-out plant and equipment with more efficient imported components. The trade deficit reached 2.9% of GDP in 2003 (current account deficit was 6.5%). The overall balance of payments position is positive as flows of foreign direct investment more than cover the current account deficit. Total foreign direct investment flows equaled \$2.6 billion in 2003 and \$8.4 billion in 2002. The latter figure includes \$3.6 billion received by the state from the sale of the natural gas distribution company Transgas.

Infrastructure

Upgrading the Czech Republic's infrastructure, specifically telecommunications and transportation, is important for continued economic growth and development. Although recognized as a priority, the massive nature of these projects will require time and capital. Resources to finance the country's extensive development plans for the telecommunications industry include foreign direct investment as well as major loans provided by the European Bank for Reconstruction and Development (EBRD), European Investment Bank and large local and foreign banks. Cesky Telecom continues to upgrade and expand its fixed-line telephone system, although its monopoly over fixed lines ended in July 2002 with the introduction of carrier choice by dialing a prefix. Cellular phone market penetration is also growing rapidly, with over 8.5 million cellular phone users recorded in December 2002.

The quality of Czech transport networks and systems, as well as rolling stock and vehicles, is generally below the standards of advanced European countries. All transport sectors, including railway, highway, inland waterway and air, have been targeted for infrastructure upgrade. European Union structural funds should help to finance such projects, which currently include a \$3.5 billion modernization of the rail system; a plan to modernize and extend the country's highway network; and plans to develop the river transport system for intensive usage by the container hauling industry. Construction of a new terminal at Prague's International Airport began in 2003 and plans are in the works for privatization and upgrade of Mosnov airport in Ostrava.

The infrastructure for e-commerce is slowly improving. There are currently 19 internet service providers, which cover a majority of the Czech Republic. Statistics on homes with internet access vary widely, ranging from five to fifteen percent of the population, but all concur the availability of internet connections through a variety of options is on the rise. The legal infrastructure to support e-commerce, as well as the development of internet banking, will help improve the prospects for e-commerce.

European Union (EU) Accession

Integrating the Czech economy into the West, specifically into the EU, remains a top government priority. The Czech Republic became a full member of the EU on May 1, 2004. On that date, the Czech Republic ceased conducting customs inspections at its borders and adopted the EU's common external tariff. Accession was preceded by five or more years of intensive effort to harmonize Czech laws and standards with those of the EU. Mostly complete, this process will continue even after accession. A few transitional arrangements were

negotiated with the EU. For example, EU-15 member states were allowed to retain restrictions on Czechs working on their territory for up to seven years, if they desired. Czech truckers are prohibited from cabotage in the EU for five years unless otherwise agreed bilaterally with member states.

3. POLITICAL ENVIRONMENT

The Czech Republic is a parliamentary democracy. President Vaclav Klaus, a former prime minister and minister of finance, is the head of state. Since 2002, the country has been governed by a coalition of the center-left Social Democratic Party (CSSD), the Christian Democratic Union (KDU-CSL and the Freedom Union (US) parties. The Prime Minister is Vladimir Spidla, chairman of the CSSD. The coalition enjoyed a bare one-vote majority in the lower house of parliament, the Chamber of Deputies. The main opposition party is the center-right ODS, headed by Mirek Topolánek. The Communist Party holds another large block of seats in the parliament. In late June 2004, the fragile coalition government fell apart. As of this writing, the CSSD is trying to form a new government. If it fails to do so, the most likely alternative is an early parliamentary election.

Political Relationship with the United States

U.S.-Czech relations are excellent and reflect strong historical ties. The U.S. and the Czech Republic cooperate on a wide range of regional and global issues. The Czech Republic became a NATO ally in 1999. It has been a firm supporter of the international struggle against terrorism. Czech troops have served in both Iraq and Afghanistan. The U.S. supports Czech participation in Western economic and political institutions, including OECD and the WTO. U.S. assistance during the 1990's played a major role in facilitating the Czech Republic's transition to a market economy.

Major Political Issues Affecting the Business Climate

The Czech government actively promotes inward foreign investment. Integration and cooperation with the EU and other international economic and political institutions remains a fundamental tenet of the major political parties on both sides of the political spectrum. The Spidla government enacted some fiscal reforms intended to reduce the public deficit. The high public deficit is the principal obstacle to adoption of the Euro, which the government has indicated it would like to do by 2010. However, the ability of the government to enact its full program was hampered by its slim parliamentary majority.

American and other foreign business people often cite a convoluted -- or, in some cases, corrupt -- system of bureaucracy at both national and local levels as impeding market access. The government has made some efforts to deal with this problem. Potential investors must sometimes spend considerable time and effort to finalize a deal, or to enforce the terms of a contract, and the Embassy has occasionally been asked to intercede on an American investor's behalf.

The New Regional Governments

The Czech Republic introduced a new system of regional government in 2000, establishing 14 regional governments. The regional governments are taking over responsibilities for health care, education, culture and transportation. They are still largely dependent on financing from the central government.

4. MARKETING U.S. PRODUCTS AND SERVICES

The Czech Republic is geographically small, with 10 percent of the population and most decision-makers concentrated in the capital city of Prague. It is a market where good personal relationships are crucial, and everyone seems to know everyone else. U.S. firms attempting, from a distance, to build the close network of contacts and relationships needed to penetrate this market will usually find it to be a time-consuming and costly process. Therefore, we recommend basing your approach on finding and supporting a Czech partner.

Finding a Local Partner

What type of partner to look for will depend on your business:

Consumer and Industrial Goods

One way into the market is to find a distributor with an existing distribution system who may welcome a new U.S. product that supplements an existing line. The best distributors work closely with their foreign suppliers to develop strategies tailored to the nuances of the local market, drawing on the distributor's knowledge of local pricing strategies, promotion techniques, and competition. In most cases, one distributor can provide coverage throughout the entire country for a related line of products. However, a strategy of using multiple distributors that cover only specific regions should also be considered.

Services Firms/Educational Institutions

U.S. professional service firms and educational institutions should consider teaming with Czech partners as a market entry strategy. For example, U.S. firms seeking to market environmental protection or other engineering services will be unable to compete for many Czech government or EU tenders without a local partner. Overall, this approach will enable a U.S. firm to have constant visibility on the Czech market.

High-End Retail Firms

There is a large concentration of the Czech high-income population residing in Prague, and a growing number of visiting tourists, that make it an attractive market for high-end retail firms. U.S. firms selling high-value consumer goods may wish to consider investing in a well-positioned retail outlet in Prague that can then be used as the main point of sale for this market.

Checking Bona Fides

Due diligence on potential partners (as well as on suppliers, major clients, and other contacts) is important. Dun & Bradstreet (Tel.: (+420) 271 031 500, Fax: (+420) 271 031 510, custserv@dbis.cz, www.dbis.cz) offers profiles and financial information on Czech firms. The U.S. Commercial Service also offers an International Company Profile service (cost \$500) that researches the bona fides of Czech firms.

Retaining Professional Assistance

As in most markets, it is best to consult with local professionals before embarking on major ventures. Prague has a cadre of U.S. law firms, accountants, and consulting firms that specialize in helping with market entry. The U.S. Commercial Service maintains lists of these

firms, available upon request. We also suggest that U.S. companies new to the Czech market join the American Chamber of Commerce in Prague. (Executive Director, Weston Stacey, Tel.: (+420) 222 329 430, E-mail: amcham@amcham.cz).

Distribution and Sales Channels

The Czech Republic has a developed, European-style distribution system and a strong and growing cadre of professional sales agents and distributors in most market segments.

Consumer Sector

Prague's winding cobblestone streets are lined with tiny shops -- grocery stores, pharmacies, music stores, clothing stores, and bookstores. These small shops now face stiff competition from American-style supermarkets, European "hypermarkets," and shopping malls with a broader selection, lower prices and extended weekend and evening hours (increasingly, 24-hour operation). Swedish IKEA, British TESCO, French Carrefour, and German OBI and Baumax, among others, operate multiple locations throughout Prague and have expanded throughout the nation. At this time, no large U.S. retailers are present in the market.

Industrial Sector

Representative offices or industrial sales agents usually handle industrial sales. The cadre of agents has expanded rapidly in recent years. U.S. firms will find agents to be very strong technically. However, many will need help in developing marketing and customer service strategies. Margins for distributors are similar to those prevalent in Western European countries. Field sales representatives usually earn a base salary of about 25,000 crowns (\$877) per month plus commission (anywhere from 5 to 10 percent depending on the product), and travel benefits (company car, travel allowance).

E-commerce

While Internet sales represent a small fraction of the Czech market, they are increasing rapidly, reaching \$90 million in 2002. Business-to-business sites, virtually unknown as recently as three years ago, are experiencing geometric growth and are becoming increasingly important and trusted. While most U.S. firms should not place full reliance on web-marketing strategies, web-sites may supplement traditional marketing efforts.

Advertising and Trade Promotion

U.S. firms can spur sales through trade shows, in-country promotions, and advertising. These activities are especially crucial and necessary in the retail market.

Trade Shows

With a history dating back to the Middle Ages, trade shows are a European way of life. Both Prague and Brno host many international shows. A small booth is a good -- and comparatively low-cost way -- to meet customers in the Czech Republic and neighboring countries.

In-Country Promotions

The Czech Republic is a small market, and each sector has a few key decision-makers and opinion leaders. One way to reach these leaders quickly is to hold an innovative in-country promotion. Examples of good programs include technical seminars or small receptions at industry trade shows in Brno and Prague, media events and press conferences related to events like launching new lines or opening new offices, or annual holiday receptions for key clients and potential clients. On the retail side, in-store promotions are utilized extensively.

Advertising

A U.S. firm can craft a targeted advertising campaign to introduce new products or support established ones for a fraction of the cost of advertising in the U.S. Retain a local public relations/advertising firm to provide an integrated program. Foreign firms most often pay for in-country advertising, while their local distributors provide facilities, warehousing, and equipment.

Product Pricing

Czech consumers and firms are very price-sensitive. In the consumer market, however, increasing incomes and the wealth of products in the market have led to a shift toward prestigious name brands -- over low-cost competitors -- for certain high-end goods. U.S. firms are up against European competitors, who have lower transport costs and (usually) lower import duties, as well as Czech firms that have home field advantage. A number of larger U.S. firms have lowered costs and improved sales prospects by doing some low-cost assembly or value-added production within the Czech Republic.

The Czech economy has traditionally been a cash economy, although credit card use has grown exponentially as bank regulations for the issuance of credit cards have been relaxed to near-Western standards. Four years ago, it was rare for a Czech consumer to use a credit card to make a purchase; today, virtually all professionals in major cities have at least one.

Selling to the Government

The Czech government has a long shopping list as it seeks to modernize its military to meet NATO goals and commitments, upgrade infrastructure, and meet environmental and other EU requirements. Though the Czech government faces continuing budget constraints, EU, U.S. Defense Department, and other international funds are available to help finance purchases. Both Czech federal government and major municipal governments are making increasing use of bond offerings to pay for infrastructure improvements. A new array of regional governments was established last year. However, they lack tax and bond-issuing authority.

As a member of the EU, the Czech Republic is now subject to the rules of the GATT Agreement on Government Procurement. The Czech government's current procurement law requires public tenders for major government and government-financed procurements. Tenders are publicized in the local daily press, particularly *Hospodarske noviny* (Economic News) and *Mlada Fronta Dnes* newspaper, as well as in the *Obchodni vestnik* (Trade Gazette) published by the Czech government. Major manufacturers of a particular product are usually notified directly. The period between calling and closing tenders is 180 days for internationally financed procurements.

U.S. companies bidding on Czech government tenders must have their products approved for the EU market. (See below).

U.S. companies who find local Czech partners for joint bids should be increasingly competitive in tenders for environmental services, engineering services, and financial and management consulting services. Czech firms enjoy a 10 percent preference on bids. (Joint ventures between foreign and Czech firms are still considered "foreign" in government procurements, though new EU-mandated legislation will soon change this.) In addition, bid bonds from 1-5% may be required for large-scale contracts. An emphasis on total value (rather than low cost) has lessened the disadvantages U.S. companies once had against lower-cost domestic and European firms. Lack of transparency throughout the procurement process remains an obstacle.

Other Market Entry Strategies

While most companies will find success with strategic partner or agent/distributor relationships, other successful techniques have been tried:

Direct Marketing

Direct marketing has become a common way to distribute products in the Czech Republic, with Avon, Amway, Mary Kay Cosmetics, Oriflamme, Herbalife and Lux leading the way. Direct marketers enable these firms to reach clients in small towns and the Czech countryside, where retail outlets are limited. Both Amway's multi-level and Lux's one-level marketing approaches have worked here. Network marketing has started recently, with four successful "membership" stores in Prague, Brno, Plzen, and Ostrava. Since direct marketing appeared about eight years ago, 122,000 people have become involved, mainly working for foreign companies. Turnover in this sector is about 2.8 billion CZK a year (roughly \$98 million). There is a Czech National Association of Direct Marketing, which brings awareness to the international rules of direct marketing, such as the length of guarantees and the consumer's right to return a product.

Joint Ventures/Licensing

The Czech Republic is an attractive destination for foreign investors seeking manufacturing and assembly operations. Joint ventures are the most common approach. Although the law allows 100 percent foreign ownership, foreign companies are sometimes reluctant to acquire a Czech firm outright because of environmental or other long-term liabilities.

Establishing a Representative Office

If you wish to establish an office of your own, you must register your company at a local district office. To accomplish this, we suggest you work through a local service provider and attorney. Prague has a well-educated, multilingual population, many of whom have years of experience in working for Western firms. Companies offering attractive salaries can normally secure a talented nucleus of local staff for a new office. Executive recruiting firms are active in Prague, though most executives use the time-honored word-of-mouth method in making hiring decisions. Typical wages are 35,000 Kc (\$1,228) to 50,000 Kc (\$1,754) per month for an office manager and 50,000 Kc (\$1,754) to 60,000 Kc (\$2,105) per month for a sales manager. Office space in the Prague 1 Center is pricey, with offices renting for about \$35 per square meter per month. As public transport is efficient, affordable, and reliable (and most employees will use it), companies with smaller pocketbooks may wish to consider locating to less expensive space outside the center.

Franchising

The Czech Republic still lacks laws regulating franchising. Franchising, therefore, takes the form of a contract between two entities regulated by the Commercial Code pertaining to commercial contracts and sales and licensing agreements. McDonald's, and KFC have founded their own outlets in the Czech Republic, although a slowly increasing number are now owner-operated franchises. While these outlets have done well, few Czechs have the capital or experience to invest in their own franchises and typical master franchise networks have yet to develop. However, in the near future, one or more local banks may be unveiling financing programs geared towards potential franchisees.

Key Marketing Contacts

Major Newspapers and Business Journals

Mlada Fronta Dnes (largest national daily newspaper)

Tel.: +420 222 061 111, Fax: +420 222 062 229, www.idnes.cz

Hospodarske noviny (daily business newspaper)

Tel.: +420 233 074 191, Fax: +420 233 074 199, www.ihned.cz

Lidove Noviny (daily newspaper)

Tel.: +420 225 098 111, Fax: +420 225 098 199, www.lidovsky.cz

Profit (weekly business newspaper)

Tel.: +420 225 010 377; Fax: +420 225 010 366, www.profit.cz

Ekonom (weekly business magazine)

Tel.: +420 233 074 190; Fax: +420 233 074 199, www.ihned.cz

Obchodnik (weekly business magazine)

Tel.: +420 233 071 490, Fax: +420 233 072 051, www.obchodnik.ihned.cz

The Prague Post (weekly English-language newspaper)

Tel.: +420 296 334 400, Fax: +420 296 334 450, www.praguepost.cz

Prague Tribune (bimonthly magazine, English/ Czech)

Tel.: +420 220 400 121, Fax: +420 220 400 123, www.prague-tribune.cz

Metro (free daily newspaper distributed in Metro stations)

Tel.: +420 221732 030, Fax: +420 224 812 602, www.metro.cz

Euro ekonomicky tydenik (economic weekly)

Tel.: +420 251 026 107, Fax: +420 257 325 905, www.euro.cz

Fleet Sheet (daily English)

Tel.: +420 221 004 315, Fax: +420 224 221 580, www.fleet.cz, email: info@fleet.cz

Major B2B web sites

www.b2bcentrum.cz- major provider of services in the field of B2B in Central Europe
www.abcb.cz- general business information, news, food products
www.glob2b.cz- advertising banners on the internet

U.S. Advertising Agencies

Leo Burnett Advertising, s.r.o.
Tel.: +420 257 310 506, Fax: +420 257 321 563
www.leoburnett.com

MARK/BBDO, a.s.
Tel.: +420 221 617 201, Fax: +420 224 810 904
www.bbdo.cz

Young & Rubicam, s.r.o.
Tel.: +420 221 420 111, Fax: +420 221 420 122
www.yr.com

McCann-Ericson
Tel.: +420 222 009 111, Fax: +420 222 723 996
www.mccann.cz

Ogilvy & Mather, s.r.o.
Tel.: +420 221 998 111, Fax: +420 221 998 888
www.ogilvy.cz

DDB, a.s.
Tel.: +420 221 013 111, Fax: +420 221 03 901
www.ddb.com

TBWA Praha, s.r.o.
Tel.: +420 224 232 151, Fax: +420 224 232 108
www.tbwa.cz

Grey Praha, s.r.o.
Tel.: +420 266 798 111, Fax: +420 266 798 102
www.grey.cz

Selected Freight Forwarders

Cechofracht, a.s.
Tel: +420 281004 111, Fax: +420 272 705 240
www.cechofracht.cz

NH-Trans, s.r.o.
Tel: +420 596 279 411, Fax: +420 596 279 401
www.nh-trans.cz

Danzas, a.s.

Tel: +420 596 270 006, Fax: +420 596 270 019

www.danzas.cz

Schenker-BTL

Tel: +420 311 711 111, Fax: +420 311 711 399

www.schenker-btl.cz

Cetrans, a.s.

Tel. +420 477 107 111, Fax. +420 477 107 223

www.cetrans.cz

AFG Holding

Tel: +420 545 42 5921, Fax: +420 545 495 929

www.afgholding.cz

Maersk Agency sro

Tel: +420 257182320, Fax: +420 257182331

www.maersk.com

5. LEADING SECTORS FOR US EXPORTS AND INVESTMENTS

(Exchange rate used throughout 1 US\$ = 26 Czech crowns. All figures are in millions of U.S. dollars. Figures are unofficial estimates based upon cited sources.)

1. Automotive Parts/Services/Equipment (APS)

	2001(Actual)	2002(Actual)	2003(Estimated)
Total market	2,240	2,380	2,500
Total local production	2,170	2,280	2,500
Total exports	2,930	3,200	3,500
Total imports	3,000	3,300	3,500
Total imports from the U.S.	500	550	700

Source: Automotive Industry Association of the Czech Republic

The Czech Republic is the largest auto producer in the Central/Eastern European region. Best prospects for U.S. exporters are in lighting equipment, filters, bumpers, shock absorbers, electronic equipment parts, in-car entertainment, security equipment, and car care products. Excellent opportunities also exist for U.S. automotive suppliers interested in setting up manufacturing facilities in the Czech Republic or establishing a joint-venture with Czech partners. More than half of the world's 50 leading suppliers already have facilities in the country. The main client is the Czech vehicle producer Skoda Auto, along with car manufacturers from Germany, Poland, Slovakia and Hungary. PSA Peugeot Citroen and Toyota Motor Corporation are also building production facilities to build new cars for the Czech Republic. Once these two plants are completed, the Czech Republic will be one of the largest auto producers in all of Europe.

2. Machinery and Transport Equipment (MTL)

	2001(Actual)	2002(Actual)	2003(Estimated)
Total market	345	380	395
Total local production	505	535	545
Total exports	355	420	420
Total imports	195	265	270
Total imports from the U.S.	72	105	125

Manufacturing machinery and transport equipment is still the largest U.S. import item into the Czech Republic. More than 1,200 subsidiaries of foreign manufacturing companies are already located in the Czech Republic and the manufacturing machinery market continues to expand due to new greenfield projects, acquisitions, and the re-investment of established investors. Foreign-backed firms report strong export growth and are committed to achieving western quality control standards. As a result, opportunities for U.S. exporters exist, especially for exporters of laser systems, testing and measuring equipment, robotics, factory automation, and software related systems.

3. Environmental Technologies (POL)

	2001(Actual)	2002(Actual)	2003(Estimated)
Total market	45	85	145
Total local production	45	81	135
Total exports	15	15	15
Total imports	15	19	25
Total Imports from the U.S.	5	13	23

According to the Czech Ministry of the Environment (MoE), \$700 million is to be allocated for the implementation of the Integrated Prevention & Pollution Control (IPPC) system by the year 2007. In addition, over 1000 enterprises will have to obtain the Integrated Operating Permit. Both of these conditions will create opportunities for U.S. exporters of pollution control technologies. Further potential for U.S. exports will arise from the Czech Republic's participation in the Kyoto Accord to reduce green house gas emissions (GHG) to 8% by the end of 2012. Today, the Czech Republic is producing 25% GHG less than in 1990 but still a long way away from the Kyoto Accord emission rate.

The Czech government estimates that the total figure for waste handling harmonization with EU environmental standards will be over \$700 million in next 5 years. The European Council directives focus on used tire disposal, biodegradable waste treatment, packaging, and packaging waste recycling. It will be mandatory for all Czech legal subjects to recycle. As a result, recycling and waste management will offer excellent opportunities for U.S. environmental companies seeking to enter the Czech waste treatment market.

4. Security and Safety Equipment/Services (SEC)

	2001(Actual)	2002(Actual)	2003(Estimated)
Total market	124	135	151
Total local production	88	105	110
Total exports	32	45	47
Total imports	68	75	88
Total Imports from the U.S.	24	28	38

Source: Czech Association of Safety and Security Companies

Focus on security equipment and services in the Czech Republic continue to be a top priority for the Czech government. The Afghanistan War and the War in Iraq, along with the September 11th terrorist attack, have all played key roles in creating an enhanced security market in the Czech Republic. Best prospects include metal detectors, security-monitoring systems, and training and services related to security equipment. The following market segments also continue to show the largest needs: person-access checking systems, alarm equipment for buildings and motor vehicles, surveillance systems, and fire prevention and control equipment.

5. Insurance (INS)

	2001(Actual)	2002(Actual)	2003(Estimated)
Total market	2,730	3,080	3,700
Total local production	140	150	180
Total exports	0	0	0
Total imports	2,590	2,930	3,520
Total imports from the U.S.	55	60	65

Source: Czech Insurance Association, million US\$

By Western standards, the Czech Republic is still extremely underinsured making this sector one of the best prospects for U.S. exports. Life-Insurance, for example, grew by 21% in 2002 and is expected to increase in 2003 by another 20%. This growth was mainly due to tax benefits created by the Czech government. Life insurance in the Czech Republic still only accounts for 38% of the total insurance market which is still very low compared to EU countries, who average almost 60%. Good prospects also exist for property insurance in private, entrepreneurial, and the industry sectors. The property insurance sector rose 8.6% in 2002 and is expected to grow 20% in 2003. Premiums in the property industry are also rising as is the demand. Other opportunities exist in liability insurance, legal expenses insurance, export insurance, agricultural risks insurance, business interruption insurance, and technical risks insurance. The insurance market is also expected to further develop through mergers and acquisitions.

6. E-Commerce (INF)

	2001(Actual)	2002(Actual)	2003(Estimated)
Total market	155	290	587
Total local production	170	450	910
Total exports	80	250	504
Total imports	65	90	181
Total imports from the U.S.	10	15	20

E-commerce in the Czech Republic continues to grow. Potential for U.S. exports is strong in both services and equipment. Investment opportunities are also good in business to business investment that represents over 80 percent of total investments. Internet penetration also increased from last year resulting in a stronger market for e-commerce. In addition, most banks now offer on-line banking and many Czech Internet sites accept payment using this method. Electronic signature is also being accepted in the Czech Republic for the first time and finally, a number of public portals have been launched and more are expected. All of these new e-commerce additions will create opportunities for U.S. e-commerce companies.

Additional High Growth Markets

Medical Equipment (MED)

The Czech medical devices market reached US\$450 million in 2002. Although domestic manufacturers are competitive, over 65% of all medical devices used in the Czech Republic are imported especially sterilizing equipment, dental X-ray equipment, health beds, surgical and dental instruments, bone implants, infusion and transfusion sets, catheters, cobalt irradiators, and X-ray simulators. The largest importer of medical devices is Germany, which accounts for 25% of the imports, followed by the U.S. with a 17% share of imports. Syringes, needles, catheters, electrical diagnostic equipment, x-ray equipment, irradiators, replacements, and orthopaedic aids account for most of the imports into the Czech Republic. Best sales prospects include computer processed visual systems, laser equipment, implants, medicine infusion pumps, x-ray and mammograph systems, balneotherapy equipment, and endoscopes and laparoscopes. Higher demand in imports of x-ray equipment is expected as a result of a need for modernization of x-rays to meet the requirements of the new nuclear energy act.

Real Estate Services (GSV)

The real estate service market in the Czech Republic can be split into two distinct parts: Prague and the rest of the country. Opportunities for U.S. real estate companies exist in both areas. In Prague, there is demand for "Western level" commercial properties. In the next five years, roughly 150 major retail clients will need space in the Czech Republic.

Outside of the Prague center, opportunities exist in the industrial market especially around Prague's Ruzyně airport and along the D1 highway, which connects Prague and Brno. In addition, property in and around the city of Ostrava is gaining popularity due to its importance as a distribution point that can serve both Poland and Slovakia. U.S. real estate agencies with experience in dealing with industrial clients will find many opportunities to serve all of these key zones.

Travel and Tourism Services (TRA)

As the second most lucrative industry in the country, tourism contributes 11 percent (\$4 billion) to the country's GDP and accounts for more than 10 percent of total employment in the country. Prague accounts for 75 percent of all total foreign tourists in the Czech Republic.

In Prague, hotel capacity has developed over the last five years focusing on upper range hotels. Future prospects are strong in middle-range hotels, where the market is far from saturated. Best prospects for U.S. companies and developers include brand name mid-range hotels, hotel management, ticketing and reservation services, support services and systems, amusement parks, water parks, various sport facilities, golf courses, gambling, convention services, planning, catering, and other activities such as organized sightseeing tours, and restaurants.

Education/Training Services (EDS)

Czech students are very enthusiastic about studying in the United States as well as in local U.S. sponsored education programs. The education market is made up of two distinct parts: student exchange programs and locally based programs. Student exchange programs should be priced at a fee that reflects current Czech wages. Locally based programs should also take Czech wages into consideration as well as determine how they can distinguish themselves from

programs already existing in the market. U.S. schools looking to promote student exchange programs should visit the market and discuss the programs with their Czech counterparts. Recent experience has shown that Czech educational institutions are very open to learning about U.S. exchange programs. U.S. schools looking to start a Czech based program should also visit the market as an initial step in evaluating what is already on offer as well as to determine if their program can operate competitively.

Architecture, Construction and Engineering (ACE)

Due the August 2002 floods that devastated a substantial part of the Czech Republic, the ACE sector will continue to grow in 2003 and in consecutive years. Best prospects include highway, road and bridge construction, sewage treatment plant rehabilitation, and waste water system reconstruction. Other excellent opportunities lie with commercial and storage building construction, construction of houses for senior citizens, and industrial park development.

Rail terminals still need to be built and rail modernization projects are already underway to link the Czech Republic with the pan-European network of high-speed trains. International airports also continue to be modernized and expanded to meet increased demand for cargo capacity as well as new safety and security standards.

Sporting Goods / Recreational equipment (SPT)

The Czech Republic has a long tradition of sporting and the sporting goods market is growing every year. The most popular sports are ice hockey, soccer, tennis, cross-country and downhill skiing, shooting, and scuba diving. With one of the highest densities of fitness centers in Europe, bodybuilding is also very popular in the Czech Republic.

Drapa Sport, Giga Sport, and JB Sport are the largest retail stores in the market and U.S. brand products are very common in these outlets. The Czech consumers prefer U.S. products because of their wide range and good price. Czech's expect quality products and this is where U.S. companies can gain a strategic advantage over other competitors. In addition, advertising has become an important part of the Czech consumer culture and U.S. companies must be aware of this when developing their product positioning strategy. Finding an experienced Czech distributor is a fundamental key to market access.

Defense (DEF)

Current defense spending is at 2.2% of GDP or \$1.1 billion annually. Procurement from abroad is crucial to military development since the Czech Republic does not produce telecommunications equipment, nonferrous metals, plastics, chemicals, transport machinery, or specialized metalworking equipment specifically designed for military use. The Czech government has adopted a plan to modernize the Czech armed forces into a highly mobile, small, and professional army by the year 2006. The first priority is to improve existing Czech military equipment such as the Russian M-1 attack helicopters and to complete the joint Czech-U.S. L-159 light combat aircraft project.

The U.S. government has played an important role in helping the Czech military transition to NATO compatibility. The U.S. Defense Department Foreign Military Sales (FMS) program includes funds for advisory assistance for restructuring and for acquisitions. Since 1996, the U.S. FMS program has provided over \$66 million to the Czech military. In 2002, FMS funded U.S. military exports to the Czech Republic totaling approximately \$10 million.

B. Best Prospects for Agricultural Products

1. Soybean meal (HTS Number 2304)

	2001 (Actual)	2002 (Actual)	2003 (Estimated)
Total market size	105	126	130
Total local production	0	0	0
Total exports	0	0	0
Total imports	105	126	130
Imports from the U.S	60	70	80

Source: Ministry of Finance

Due to unfavorable growing conditions, the Czech Republic produces very little soybean meal and must import it. Most meal imports come through either Germany or Holland via barge or rail. Major U.S. competitors for this product are Argentina and Brazil. Imports of soybeans from the U.S. are currently lower due to GMO labeling requirements. However, there is long term potential for U.S. exporters as the Czech Republic will soon ban the use of meat bone meal in feeding mixtures and will seek different products such as soybeans.

2. Dried Fruits and Nuts (almonds, pistachios, pecans, prunes, and other dried fruits and nuts) (HTS Numbers 0802, 0813)

	2001 (Actual)	2002 (Actual)	2003 (Estimated)
Total market size	14	23	26
Total local production	3	3	3
Total exports	0	3	3
Total imports	11	23	26
Imports from the U.S	6	8	11

Source: Ministry of Finance

Almonds are mostly imported from California. Even though the world price of almonds has gone down, imports to the Czech Republic remain constant. Almonds sell well in retail, especially in the hypermarkets. The processing sector, bakers and confectioners, are, still looking for cheaper substitutes for costly almonds, but with the EU accession purchasing power will grow and consumers will seek higher quality products. The Almond Board of California promotes almonds in the Czech Republic by holding seminars and participating at Snack Food shows.

Rice (HTS Number 1006)

	2001 (Actual)	2002(Actual)	2003 (Estimated)
Total market size	13	13	14
Total local production	0	0	
Total exports	0	2	1
Total imports	13	15	15
Imports from the U.S	0.3	0.5	0.6

Source: Ministry of Finance.

Rice imports have grown steadily over the past few years, and will most likely continue to strengthen in the future due to rising incomes. Per capita consumption of rice in the Czech Republic has been growing the last several years and is expected to go up this year. Czech companies import bulk quantities and pack rice, including a bigger variety of rice products packed domestically (wild rice, rice mixes etc.). Major suppliers of rice are India, Vietnam, Thailand, the United States and Egypt.

Spirits and liquors (HTS Number 2208)

	2001 (Actual)	2002(Actual)	2003 (Estimated)
Total market size	34	31	32
Total local production	11	13	13
Total exports	6	17	18
Total imports	29	35	37
Imports from the U.S	4.5	5	6

Source: Ministry of Finance

The share of U.S. imports of spirits and liquors from the U.S. is growing due to higher sales of bourbons. This is the result of the Kentucky Distiller's Association heavy promotion of bourbons in recent years.

Other Sectors

Although current U.S. exports are low, FAS also considers the following sectors to be good prospects:

- Wine
- Seafood
- Snack foods

FAS's reports (general, Exporter Guide, and commodity) can be found on this web page:
www.fas.usda.gov

6. TRADE REGULATIONS, CUSTOMS, AND STANDARDS

The Czech Republic is committed to a free market and maintains a generally open economy, with few barriers to trade and investment. Membership in the European Union means that tariffs and standards, as well as most procedures, must conform to EU norms. This includes adoption of EU technical barriers to some imports of agricultural and food products. Customs formalities are usually handled by the importer.

Membership in Free Trade Arrangements

As a member of the European Union, the Czech Republic participates in all free trade arrangements entered into by the EU.

Customs Regulations/Tariff Rates

After accession to the European Union on May 1, 2004, customs controls at the land borders of the Czech Republic were abolished. Immigration controls will continue. International airports, of which the largest is Prague Ruzyně airport, will be the only external borders controlled by Czech customs authorities. VAT and excise taxes will be payable by the recipient of goods on the basis of Czech regulations. Goods transported to the Czech Republic under the Community Transit regime must be declared at a customs office in the Czech Republic. The following European Union legislation is directly applicable as of the date of accession:

- Council Regulation (EEC) no. 2454/93 of 12 October 1992, establishing the Community Customs Code, as amended,
- Commission Regulation (EEC) no. 2913/92 of 2 July 1993, laying down provisions for the implementation of Council Regulation (EEC) no. 2913/92.
- Council Regulation (EEC) no. 918/83 of 28 March 1983, setting up a Community system of reliefs from customs duty, as amended,
- Council Regulations (EEC) no. 2658/87 of 23 July 1987 on customs and statistical nomenclature and the Common Customs Tariff, as amended.

These regulations are available at http://europa.eu.int/eur-lex/en/search/search_lif.html. Duty rates under the EU Common Customs Tariff will apply.

Excise and Value-Added Taxes

The value-added tax (VAT) applies to all goods, both domestic and foreign, sold within the Czech Republic. The VAT rate is generally 19 percent, although a lower VAT of 5 percent is charged for selected goods, such as food and services. As part of its fiscal reforms, and in order to meet EU requirements, the government has moved some services up to the 19% VAT rate. VAT on imports is calculated on the declared customs value plus applicable duty and excise tax. Excise taxes are imposed on the following goods produced or imported into the Czech Republic: fuels and lubricants, tobacco products, beer, wine and liquor. The rate is determined by the type and quantity of the product and must be paid within ten days after being notified by the Customs Office of the tax amount due.

Import/Export Requirements

U.S. companies exporting into the Republic from outside the European Union are required to present:

- A commercial invoice
- A bill of lading
- A shipper's export declaration for items requiring an export license or valued above \$2,500) and a declaration of conformity (issued by importer)

Certifications

Some products require certification before a declaration of conformity can be issued. Depending on the nature of the goods, a veterinary health certificate and/or a certificate of origin (for concessionary customs rates, if applicable) can also be required. Products containing genetically modified organisms require special approvals.

Labeling and Marking

Labeling and marking requirements for products depend on the type of product and the intended use. In general, however, labels must be in the Czech language and can be affixed to the product or on a leaflet attached to the product. Information must include the name of the product, name of producer, country of origin, and in some cases, instructions for use. Labels for some products, such as foods, beverages, food supplements, and textiles, must also provide content/composition. Special labeling rules for products with biotech content have recently been introduced. In addition, international norms for warning labels on consumer products apply. Czech labeling requirements were harmonized with EU norms in 2002. Czech importers and distributors are responsible for the correct labeling of products that are put on the Czech market and can typically advise the U.S. exporter of specific requirements regarding labeling and marking.

Licensing Requirements

The Czech Ministry of Industry and Trade issues import licenses to those seeking to import selected goods into the Czech Republic. While most products and services are exempt from the licensing process, oil, natural gas, pyrotechnical products, sporting guns, ammunition and military equipment require a license. Under EU rules, imports of clothing, shoes, porcelain, and steel from certain Asian and Eastern European countries may require licenses.

Prohibited Imports

The list of prohibited imports includes certain veterinary and plant materials, freon, non-registered pharmaceuticals and chemical, biological, and nuclear weapons.

U.S. Export Controls

The Czech Republic adheres to international export controls and works in close cooperation with the United States and other Western countries in implementing export controls on certain sensitive technologies. U.S. export controls on items exported from the United States to the Czech Republic are generally similar to those in effect on items exported to other Western European destinations. Contact the U.S. Department of Commerce, Bureau of Export Administration, Washington, D.C. (Tel.: (202) 482-2547, Fax: (202) 482-3617) for details on U.S. export controls.

Temporary Goods Entry Requirements

The following are the most relevant temporary entry rules for U.S. exporters:

Temporary exemptions from duty are allowed for certain items, such as merchandise samples and items for display at trade shows or exhibitions. The Czech Republic also accepts ATA carnets as a way of facilitating temporary admission through customs. For more information about obtaining a carnet for clearance of goods, samples or equipment intended for temporary entry only, contact your local U.S. Department of Commerce Export Assistance Center.

Companies exporting goods to the Czech Republic for the purpose of temporary use may do so as long as the period does not exceed 24 months (in some cases it is possible to extend this). The exact time period must be agreed upon with Czech Customs. When the goods are re-exported, three percent of the duty value per month that the goods resided in the Czech Republic must be paid if the goods were used (maximum will not exceed full duty amount). The potential customs debt must be secured by a guarantee.

Exports to the Czech Republic of raw materials and certain semi-finished products that are processed and then re-exported from the European Union enter duty-free. This is contingent upon the approval by Czech Customs of the conditions of processing and the handling of any waste caused through transformation of the goods.

Free Trade Zones

There are 10 free trade zones established in several cities throughout the Czech Republic. Materials, components and semi-finished products are exempted from customs duties or VAT if they are imported into a free trade zone. If the goods are then used in the manufacturing or processing of a final product that is then re-exported, they are also exempted from duties or VAT. Duties and VAT are applied on the declared value of the goods if they are cleared for free circulation within the European Union. Similar rules apply to goods placed in a bonded warehouse; however, manufacturing operations are generally not permitted there.

STANDARDS

Overview

The Czech Republic has harmonized its standards with European norms. Products certified in the Czech Republic or another EU member state can be marketed in the Czech Republic. In addition, products certified to meet EU standards (identified by the "CE" mark) by authorized U.S. testing laboratories are acceptable. ISO 9000 standards are being used increasingly in the Czech Republic as evidence of high product quality. Domestically, the "Czech Made" mark is an award given to products that are judged to be of outstanding quality, environmentally friendly, and favorable to energy consumption. This award is given to Czech products that are produced by a company or entrepreneur registered in the Czech Republic, with at least 60 percent Czech content measured by the cost of the final product.

Organization

The organization, which develops and maintains standards within the Czech Republic, is The Czech Office for Standards, Metrology and Testing. Their website (www.unmz.cz/index_en.html) outlines the Legislation in Force, International Contract Documents, as well as harmonized standards in accordance to particular government orders. The annual plan for the Czech Office for Standards, Metrology and Testing is the harmonization of current standards in the Czech Republic with those of the EU, and maintaining the standards in relation to new government policies.

Conformity Assessment

The list of acceptable conformity assessment bodies in the Czech Republic listed by the European Commission is found at <http://europa.eu.int/comm/enterprise/nando-is/home/index.cfm>.

Additionally the United States and the European Union have entered into a conformity assessment agreement in an effort to unify assessment conditions between the US and EU. This agreement specifies the conditions by which each Party will accept or recognize results of conformity assessment procedures, produced by the other Party's conformity assessment bodies or authorities. More information and details of this agreement can be found at <http://www.useu.be/docs/mra98.pdf>.

Product Certification

Some products require certification before a declaration of conformity can be issued. Depending on the nature of the goods, a veterinary health certificate and/or a certificate of origin (for concessionary customs rates, if applicable) can also be required. Products containing genetically modified organisms require special approvals.

Government to Government Mutual Recognition Agreements between the US and the EU are listed on the National Institute of Standards and Technology's website (<http://ts.nist.gov/ts/htdocs/210/gsig/mra.htm>).

Accreditation

The Czech Accreditation Institute, Public Service Company, National Accreditation Body, was established by the government of the Czech Republic. It provides services in conformity with legal regulations concerning accreditation. CAI accredits both state and private organizations in all fields of accreditation. Integral European accreditation system, formed by national accreditation bodies, works in conformity with uniform rules. National accreditation bodies provide accreditation in conformity with uniform international standards. The accreditation system is based on the position of EC defined in Global Conception of Testing and Certification. CAI provides unambiguous, objective and independent proficiency testing, in conformity with the requirements of international standards and documents. Further information about the testing can be located on their website: www.cai.cz

The Czech Accreditation Institute is the formal accreditation body for the Czech Republic and is recognized as a member by the International laboratory Accreditation Cooperation (ILAC: www.ilac.org), the International Accreditation Forum (IAF: www.iaf.nu) and the European Accreditation Organization (EA: www.european-accreditation.org).

Technical Regulations

Technical regulations are mandated by The Czech Office for Standards, Metrology and Testing, a subordinate of the Ministry of Industry and Trade. Through their website www.unmz.cz proposed technical regulations are published and are available for review. Final regulations are also published through the website. In addition, U.S. Entities have the opportunity to comment on proposed standards regulations through the enquiry point on Fulltexts of the notified draft regulations.

Labeling/Marketing

Labeling and marking requirements for products depend on the type of product and the intended use. In general, however, labels must be in the Czech language and can be affixed to the product or on a leaflet attached to the product. Information must include the name of the product, name of producer, country of origin, and in some cases, instructions for use. Labels for some products, such as foods, beverages, food supplements, and textiles, must also provide content/composition. Special labeling rules for products with biotech content have recently been introduced. In addition, international norms for warning labels on consumer products apply. Czech labeling requirements were harmonized with EU norms in 2002. Czech importers and distributors are responsible for the correct labeling of products that are put on the Czech market and can typically advise the U.S. exporter of specific requirements regarding labeling and marking.

Contact Information

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Rich Steffens, Senior Commercial Officer

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United States Mission to European Union, U.S. Commercial Service

Foreign Commercial Service, European Union

Gwen Lyle, Standards Attaché

Sylvia Mohr, Standards Specialist

rue Zinner 13, 1000 Brussels, Belgium, Tel: (32) 2 508 2222, Fax: (32) 2 513 1228

e-mail: gwen.lyle@mail.doc.gov, sylvia.mohr@mail.doc.gov

Bureau of Export Administration (BXA)/U.S. Department of Commerce

Export Counseling Division Tel: (202) 482 4811, Fax: (202) 482 3617

www.bxa.doc.gov

General Directorate of Customs

Budejovicka 7, 140 96 Praha 4, Tel: (420) 261 331 111, Fax: (420) 261 332 000

e-mail: podatelna.grc@cs.mfcr.cz, www.cs.mfcr.cz

Licensing Office Department, Ministry of Industry and Trade

Na Frantisku 32, 110 15 Praha 1, Tel: (420) 224 221 828, Fax: (420) 224 212 133

e-mail: mpo@mpo.cz, www.mpo.cz

Czech Office for Standards, Metrology and Testing

Gorazdova 24, 128 01 Praha 2, Tel: (420) 224 907 111, Fax: (420) 224 915 064

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Czech Accreditation Institute

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7. THE INVESTMENT CLIMATE

Maintaining an open investment climate has been a key element of the Czech Republic's transition from a centrally planned to a market economy. The Czech Republic's stable political and economic environment, its location on the doorstep of the European Union, its low cost structure and its well-qualified labor force make it an attractive destination for foreign investment. In preparation for its accession to the European Union on May 1, 2004, the Czech government is harmonized its laws and regulations with those of the European Union. The Czech economy has experienced moderate growth in the past few years. A rising government budget deficit could put continued growth at risk in the medium to long term, particularly if the current strong direct foreign investment flows slow down and European demand remains weak. The Czech government offers attractive incentives for foreign direct investment. Legally, foreign and domestic investors are treated equally. Enforcement of intellectual property rights is improving. According to U.S. Embassy calculations, the U.S. is currently the third largest investor in the Czech Republic, behind Germany and the Netherlands.

Openness to Foreign Investment

An open investment climate has been a key element of the Czech Republic's transition from a Communist, centrally planned economy to a functioning market economy. For several years, the Czech Republic has received more foreign direct investment (FDI) per capita than any other country of the former Soviet bloc. Gross Domestic Product (GDP) has been growing recently (3.1% in 2001, 2% in 2002 and 2.9% in 2003), based largely on significant inflows of foreign investment and growing consumer demand supported in part by rising wages influenced by that investment. Foreign investment is boosting productivity, creating new jobs and raising wages and domestic consumption. It is also contributing to a trend of appreciation in the value of the Czech currency, the crown. This phenomenon is helping to keep inflation low (0.1% in 2003), but threatens the competitiveness of Czech exports. Some unfinished elements in the transition, such as slow and uneven enforcement of contracts by the Czech courts, have adversely affected investment, competitiveness, and company restructuring.

There have been numerous major U.S. investments since 1990, and many American firms are looking closely at investing directly into the Czech Republic. The country's strategic location in the heart of Europe on the doorstep of the EU, its relatively stable political and economic environment, and its well-qualified but relatively low-cost labor force make it an attractive place for foreign direct investment. The government has harmonized most relevant laws with EU legislation and the so-called "acquis communautaire". This effort has involved positive reforms of the judicial system, civil administration, financial markets regulation, intellectual property rights protection, and many other areas important to investors. While there have been many success stories, a handful of investors have experienced problems, mainly in heavily regulated sectors of the economy such as the media and in the privatization of large state-owned enterprises. Investors also complain about difficulties in enforcing contractual rights, including security interests. The slow pace of the court system is often compounded by judges' lack of familiarity with commercial cases. Concerns about corruption have been voiced by foreign and domestic businesses alike.

Organizational Structure of Investments

Foreign investors can, as individuals or business entities, establish sole proprietorships, joint ventures, and branch offices in the Czech Republic. In addition, the government recognizes joint-stock companies, limited liability companies, general commercial partnerships, limited

commercial partnerships, partnerships limited by shares, and associations. The government imposes a Czech language requirement for issuance of the trade licenses needed for most forms of business. A Czech partner can fulfill this requirement.

National Treatment

Legally, foreign and domestic investors are treated identically. Both are subject to the same tax codes and laws. The government does not differentiate between foreign investors from different countries, and does not screen foreign investment projects other than in the banking, insurance and defense sectors. Upon accession to the OECD, the Czech government agreed to meet (with a small number of exceptions) the OECD standards for equal treatment of foreign and domestic investors and limitations on special investment incentives. The U.S.-Czech Bilateral Investment Treaty contains specific guarantees of National Treatment and Most Favored Nation treatment for U.S. investors in all areas of the economy other than insurance and real estate. (See the section on the Bilateral Investment Treaty below)

Exempted Sectors

According to CzechInvest, the Czech agency tasked with attracting and facilitating FDI, all sectors of the Czech economy are open to foreign investment. Investors in banking, financial services, insurance and broadcast media sectors must meet certain licensing requirements. Some professions, such as architects, physicians, lawyers and tax advisors, require memberships in the appropriate professional chamber. These licensing and membership requirements apply equally to foreign and domestic investors.

Privatization

More than eighty percent of the Czech economy is now in private hands after several waves of privatization of formerly state-owned companies since 1989. Privatization programs have been open to foreign investors. In fact, most major state-owned companies have been privatized with foreign participation. The government evaluates all investment offers for state enterprises. Non-transparent and unfair practices have been alleged in connection with some recent privatizations.

Conversion and Transfer Policies

The Czech crown is fully convertible for business purposes, including all trade transactions and investment transactions with one limitation: non-resident foreign individuals and companies without registered offices in the Czech Republic cannot purchase real estate. Imports or exports of more than 350,000 Czech crowns in cash, travelers' checks or money orders must be declared at the border.

The U.S.-Czech Bilateral Investment Treaty guarantees repatriation of earnings from U.S. investments. A 15% withholding tax is charged on repatriation of profits from the Czech Republic. This tax is reduced under the terms of applicable double taxation treaties. For instance, under the U.S. treaty, the rate is 5% if the U.S. qualifying shareholder is a company controlling more than 10% of the Czech entity, and 15% otherwise. There are no administrative obstacles for removing capital. The law permits convertibility into any currency. The average delay for remitting investment returns meets the international standard of three working days.

Expropriation and Compensation

The Embassy is unaware of any expropriation of foreign investment since 1989. Acquisition of property by the government is now only for public purposes (similar to property condemnation in the United States for public works projects) in a non-discriminatory manner, and in full compliance with international law. It is unlikely that any investor losing property due to a governmental taking would not receive full compensation.

Another issue of concern to foreign investors in the Czech Republic is restitution. In 1990 and 1991, the federal government of Czechoslovakia enacted various laws aimed at compensating those people whose property was confiscated by the communist regime during the period of 1948-1989. Under the restitution laws, persons have the right to claim compensation for property taken from them by the communist government. Most claims for restitution of non-agricultural property had to be filed by October 31, 1991, and agricultural property by December 1992. There were additional open seasons for claims in 1994 and 1998 respectively but all deadlines for these claims expired on July 8, 1999. In 2000, however, a new Law to Alleviate Some of the Property Damages Caused by the Holocaust entered into force. It amends the restitution laws allowing the state, subject to certain conditions, to return communal Jewish property, works of art and land illegally seized by the Nazis to entitled Jewish communities and individuals.

Because of the large number of restitution claims submitted, it is imperative that foreigners seeking to invest in the Czech Republic first ensure that they have clear title to all land and property associated with potential projects. The process of tracing the history of property and land acquisition can be complex and time-consuming, but it is necessary to ensure clear title. Title insurance is not yet offered in the Czech Republic. Investors participating in privatization of state-owned companies are protected from restitution claims through a binding contract signed with the government.

Dispute Settlement

The Czech Republic has a commercial code and a civil code that are largely based on the German legal system. The commercial code details rules pertaining to legal entities and is analogous to corporate law in the United States. The civil code deals primarily with contractual relationships among parties. Most of these laws were promulgated under the former Czechoslovak government. When the Czech Republic was formed in 1993, the new Czech government maintained the previous commercial and civil codes. The laws have been extensively amended since then, but gray areas still remain. Due to the newness and inexperience of the Czech post-communist court system, judicial decisions may vary from court to court. Commercial disputes, particularly those related to bankruptcy proceedings, can drag on for years. However, the judiciary is independent.

The need for an improved bankruptcy law remains an important structural impediment. Most observers believe the slow and uneven performance of the courts and weakness of creditors' legal standing prevents the current bankruptcy law from acting as an effective vehicle for corporate restructuring. The Ministry of Justice has identified bankruptcy reform as a priority and appointed a commission to draft a completely new, effective bankruptcy law. Progress has been slow.

The Czech Republic ratified the Convention on the Settlement of Investment Disputes between States and Nationals of Other States in 1993. The U.S.-Czech Bilateral Investment Treaty

provides for international arbitration of investment disputes with the state. The Czech Republic has also ratified the New York Convention on the Recognition and Enforcement of Arbitral Awards. As a signatory of the latter convention, it is required to uphold binding arbitration awards in disputes between Czech and foreign parties. However, arbitration of disputes between two Czech corporations outside the Czech Republic is not permitted, even if the owners are foreign. Applications for enforcement of foreign judgments can be made to the Czech courts and will be determined in accordance with a bilateral recognition treaty, if any, or otherwise pursuant to the requirements of Czech law. Judgments rendered in other EU countries are enforceable in accordance with applicable EU regulations.

Investment Incentives

In 1998 the Czech government approved a package of incentives to attract investment. The incentives are offered to foreign and domestic firms that make a \$10 million manufacturing investment through a newly registered company. The package includes relief from corporate taxes for up to ten years, job-creation grants, re-training grants and opportunities to obtain low-cost land. A tax incentive is also available for expansion of an existing manufacturing investment. Subsidies are offered for services centers for software development, customer service and repairs. More recently, subsidies to attract high technology and research and development centers have been added. Tax deductions for new machinery, real estate tax relief, job creation grants, re-training grants, simplified customs procedures and duty-free import of machinery are also available under certain conditions to qualified companies. The incentives were developed with the assistance of the EU in order to ensure their compatibility with EU rules on industrial subsidies. Therefore, the government expects no changes to incentives as a result of accession to the European Union.

The Czech Republic is in compliance with WTO TRIMs requirements. There are currently no general performance requirements imposed on foreign firms for establishing, maintaining, or expanding their investments, except in connection with the incentives described above. These performance requirements generally relate to the amount of investment or hiring of employees if special job-creation grants are received with the incentive package. For more information contact CzechInvest, Director Mr. Martin Jahn, phone: 420-296 342 501, fax: 420-296 342 502, address: Stepanska 15, 120 00 Praha 2, Czech Republic, marketing@czechinvest.org, www.czechinvest.org. Special performance requirements are negotiable.

Foreign workers in the Czech Republic must obtain permits and visas in advance of their taking up employment and residence. the process of obtaining the required permits can be time-consuming.

Right to Private Ownership and Establishment

The right of foreign and domestic private entities to establish and own business enterprises is guaranteed by law in the Czech Republic. Enterprises are permitted to engage in any legal activity with the previously noted limitations in some sensitive sectors. Personal ownership of real estate by non-resident foreign individuals is not permitted, but since January 1, 2002, foreign companies registered to do business in the Czech Republic and Czech branches of foreign entities may own real estate, other than agricultural and forest land. Since May 1, 2004, EU, U.S. and some other nationals can purchase real property if they comply with temporary residence requirements. Czech legal entities, including 100% foreign-owned subsidiaries, may own real estate without any limitations.

Protection of Property Rights

Existing legislation guarantees protection of all forms of property rights, both intellectual and physical. Secured interests in land (mortgages) and in personal property are permitted. Government subsidy programs are making mortgage financing more accessible, and consumers are becoming more used to using both secured and unsecured forms of credit. According to U.S. lawyers in the Czech Republic, enforcing judgments and foreclosing security interests in land and personal property can still be difficult in practice.

Major amendments to the Commercial Code came into force in 2001 that strengthen protection of creditors and minority shareholders. The law includes detailed provisions for mergers and places time limits on decisions by the authorities on registering of companies. New laws on auditing and on accounting were also enacted. These laws include the use of international accounting standards (IAS) for consolidated corporate groups.

The Czech Republic is a signatory to the Bern, Paris, and Universal Copyright Conventions. In 2001, the government ratified the WIPO Copyright Treaty and the WIPO Treaty on Performances and Phonograms. Domestic legislation protects all intellectual property rights, including patents, copyrights, trademarks, and semiconductor chip layout design. Amendments to the trademark law and the copyright law have brought Czech law into compliance with relevant EU directives and WTO TRIPs requirements. Changes to the civil procedure code, effective January 1, 2001, provide for ex parte search and seizure in enforcement actions. The Czech Republic increased copyright protection for literary works from 50 to 70 years, effective December 1, 2000, and boosted the powers of the customs service and the Czech Commercial Inspection to seize counterfeit goods. The Embassy continues to work with U.S. industry and Czech government officials to further improve enforcement of intellectual property rights.

Transparency of the Regulatory System

Tax, labor, environment, health and safety, and other laws generally do not distort or impede investment. Policy frameworks are consistent with a market economy. All laws and regulations are published before they enter into force. Opportunities for prior consultation on pending regulations exist, and all interested parties, including foreign entities, can participate. A biannual governmental plan of legislative and non-legislative work is available on the Internet, along with information on draft laws and regulations (often only in Czech language). Comments can be and are made by business associations, consumer groups and other non-governmental organizations, including the American Chamber of Commerce.

However, bureaucracy and unnecessary red tape remain a source of complaints by both domestic and foreign investors. Delays and allegations of corruption are common, especially in the process of registering companies and changes to corporate structure, and are of particular concern to foreign companies operating in the Czech Republic.

In content and principle, Czech competition policy meets OECD standards. A new Act on the Protection of Economic Competition entered into force in 2001, adopting rules consistent with EU competition policy as regards restrictive agreements, abuse of dominant position and merger control.

Efficient Capital Markets and Portfolio Investments

The government privatized the last state-owned bank in 2001 and foreign-controlled banks now manage 90% of total banking assets. The banking sector has recovered from the 1998-99 recession, the poor payment discipline of many of the banks' clients, and non-competitive loans offered in the early 1990s. Stricter oversight by the central bank has been imposed. Commercial banks have returned to profitability after posting losses in 1999. As of April 1, 2004, the total assets of commercial banks stood at \$14.1 billion. As of the same date, non-performing loans amounted to 11.2% of total credit volume, compared to 28.8% in 2000. This figure does not include non-performing loans (with a face value of \$5.5 billion as of March 31, 2003) transferred to the Czech Consolidation Agency, which is charged with liquidating them. Foreign investors have access to bank credit on the local market, and credit is generally allocated on market terms. In 2002, the banks for the first time established a mechanism for sharing credit histories of borrowers.

The Czech securities market is still handicapped by a poor reputation generated by several years of lax regulation, fraud and scandals. Market capitalization of equities traded on the Prague Stock Exchange was 27.0% of GDP in 2003. Only a handful of stocks are actively traded. The first successful initial public offering of a company's shares since the stock market opened in 1992 took place in 2004. In 1998 the government created a Securities and Exchange Commission to function as capital market watchdog. The Commission has made important strides in establishing a regulatory framework for Czech capital markets and enforcing new rules. It has employed a large number of new staff. A new securities law was adopted in 2001 to improve regulation of brokers and dealers. Legislation adopted in 2002 gives the SEC more flexibility in issuing guidelines and requiring reporting of information.

Political Violence

The risk of political violence in the Czech Republic is extremely low. The Czech lands have never had a history of political violence or terrorism in modern times. Two recent historic political changes -- the "Velvet Revolution" which ended the Communist era in 1989 and the division of Czechoslovakia into the Czech Republic and Slovakia in 1993 - occurred without loss of life or significant violence.

Corruption

Current law makes both giving and receiving bribes criminal acts, regardless of the actor's nationality. Jail sentences have been increased to up to eight years for officials, with stiffer penalties for bribery previously enacted by Parliament. Bribes cannot be deducted from taxes. Law enforcement authorities are responsible for combating corruption. These laws are applied equally to Czech and foreign investors. The Czech Republic ratified the OECD anti-bribery convention in January 2000.

While there has been no lack of public accusations and suspicions of bribery, only a few cases have reached the prosecution and conviction stage. Allegations of corruption are most pervasive in connection with the court-controlled system of company registration and the police. Such allegations have also been raised in the course of recent privatizations and government procurements. A new government procurement law, required for EU accession, is intended to curb illegal activities in this sphere. The Transparency International chapter in the Czech Republic actively conducts public information campaigns through distribution of posters and has given numerous broadcast and print media interviews on corruption and bribery cases. In 2004,

the government proposed legislative changes and other actions to reduce corruption in public life.

Bilateral Investment Agreements

The former government of Czechoslovakia signed a bilateral investment treaty (BIT) with the United States, which came into effect in 1992. The Czech Republic adopted this treaty after the split with Slovakia. Changes to the treaty were agreed with the Czech Republic after extensive negotiations with the EU Commission and the Czech government during 2003. The amendments were narrowly tailored to meet EU concerns about perceived conflicts with the EU *acquis communautaire*. In 2004, The Czech government is seeking further changes to the treaty that would affect its coverage and dispute settlement provisions. To date, 70 countries have signed and ratified similar agreements with the Czech Republic. They include: Australia, Austria, Belgium-Luxembourg, Bulgaria, Canada, China, Denmark, Finland, France, Germany, Greece, Hungary, Israel, Indonesia, Italy, Jordan, Kazakhstan, Lebanon, North and South Korea, Mongolia, Norway, Paraguay, Poland, Russia, Slovakia, South Africa, Spain, Sweden, Switzerland, Thailand and the United Kingdom. Agreements with other countries are in the process of ratification. A bilateral U.S.-Czech Convention on Avoidance of Double Taxation has been in force since 1993.

OPIC and Other Investment Insurance Programs

Finance programs of the Overseas Private Investment Corporation (OPIC), including investment insurance, have been available in the Czech Republic since 1991. Investors are urged to contact OPIC's offices in Washington directly for up-to-date information regarding availability of services and eligibility. The OPIC InfoLine (202) 336-8799 offers general information 24 hours a day. Application forms and detailed information may be obtained from OPIC, 1100 New York Avenue, NW, Washington D.C. 20527. The Czech Republic is a member of the Multilateral Investment Guarantee Agency (MIGA).

Labor

The wide availability of educated, low-cost labor on the doorstep of the more expensive Western European labor market is a major attraction for foreign investors, particularly those looking to invest in manufacturing industries. Wages and benefits are on the rise, but the Czech Republic will still have far lower labor costs in the year 2004 than those in Western Europe. There are currently no significant shortages of specialized labor skills, though foreign investors still cite weaknesses in middle-management levels. Various factors, including rigidities in the housing market, reduce the mobility of Czech workers within the country.

By law, all workers have the right to strike once mediation efforts have been exhausted, with the exception of workers in sensitive positions (nuclear power plant operators, military, police, etc.) Significant labor unrest remains rare, particularly in the private sector. Public sector unions, notably the rail workers and health workers, have staged strikes when the government tried to limit public sector wage increases. Increased labor activity has been noted in mining and steel industries due to current economic problems. Workers in the Czech Republic have the legal right to form and join unions of their own choosing without prior authorization. Currently, about one-third of the total labor force is a member of some labor organization. The overall number of union members has fallen sharply since 1991, reflecting the fact that union membership is no longer compulsory.

The Ministry of Labor and Social Affairs sets minimum wage standards. On January 1, 2001, a new labor code entered into force, harmonizing domestic rules with the EU. The standard workweek is 40 hours. Caps exist for overtime. Workers are assured 30 minutes of paid rest per work day and annual leave of at least four weeks per year.

Foreign-Trade Zones and Free Ports

Czech law permits foreign investors involved in joint ventures to take advantage of commercial or industrial customs-free zones into which goods may be imported and later exported without depositing customs duty. Duties need be paid only in the event that the goods brought into the free zone are introduced into the local economy. The investment incentive package also permits duty-free import of high tech goods and creation of additional foreign-trade zones.

Currently authorized foreign trade zones in the Czech Republic are Cheb, Ostrava, Pardubice, Prague (2), Zlin, Trinec, Bor u Tachova, Frantiskov nad Ploucnici and Hradec Kralove. Rules for operations within a commercial or industrial customs-free zone are the same as in the EU.

Foreign Direct Investment Statistics

According to data compiled by the Czech National Bank and the U.S. Embassy, the stock of foreign investment in CR (including reinvestment of profits) totaled \$41.1 billion in 1993-2003 (56.4% of 2002 GDP). Germany and the Netherlands are officially the leading foreign investors. Their investments totaled \$11.3 billion (31%) and \$9.6 billion (26.0%) respectively, followed by the United States and Austria with \$3.6 billion (10.1%) each, France with \$2.2 billion (6%), UK with \$1.9 billion (5.2%). Other major investors include Belgium, Switzerland and Slovakia. In 2002 inward flows of FDI reached \$9.3 billion (13.3% of GDP and the second largest inflow per capita in Central and Eastern Europe, after Slovenia; as for FDI stock per capita, the Czech Republic is number one among these countries). The upswing in investment since 1998 is generally attributed to the introduction of investment incentives, as well as the Czech Republic's natural advantages.

By sector, from 1993-2003 foreign direct investment flowed into manufacturing (\$11.9 billion or 32.6%), financial services (\$5.8 billion or 16%); trade, hotels and restaurants (\$4.8 billion or 13.1%); transportation and telecommunications (\$7.3 billion or 20%); real estate and business activities (\$3.6 billion or 9.8%); and electricity, gas and water supply (\$2.0 billion or 5.4%). Other sectors attracting foreign investment included mining and construction. Government officials anticipate the steady inflow of investment to continue, augmented among others by the eventual sale of the government shares in companies like the electrical utility CEZ and the telecom company Cesky Telecom.

The stock of Czech direct investment abroad totaled \$1.4 billion as of December 2002. The flow of Czech investment abroad was \$276 million in 2002, with principal destinations of Slovakia (40%), followed by Slovenia (26%), British Virgin Islands (11.0%), and the U.S. (4.6%).

Significant foreign investors include:

U.S.

Conoco/Dupont	\$665 mil
Philip Morris	\$420 mil
Pepsi-Cola International	\$291 mil
Coca Cola	\$200 mil
IFC Kaiser	\$176.4 mil
Cable, Design and Technology (CDT)	\$170 mil
Ford Motor Company	\$115 mil
E.M. Warburg Pincus and Co. LLC	\$110 mil
Proctor and Gamble	\$109 mil

Other Countries

RWE Gas AG	Germany	\$3.6 bil
Telsource	Netherlands/ Switzerland	\$1.46 bil
Toyota/PSA	Japan/France	\$1.3 bil
KBC Bank NV	Belgium	\$1.2 bil
Volkswagen AG	Germany	\$1.2 bil
Societe Generale	France	\$1.0 bil
ING Holdings	Netherlands	\$936 mil
Philips	Netherlands	\$733 mil
South African Breweries	South Africa	\$619 mil
Kappa Packaging BV	Netherlands	\$445 mil
Siemens	Germany	\$373 mil
Daewoo	Korea	\$357 mil
DHL	Germany	\$230 mil

Sources of data for this report included the Czech Statistical Office, the Czech National Bank, CzechInvest, OECD and Central European Advisory Group.

8. TRADE AND PROJECT FINANCING

Although smaller sales of U.S. goods up to about US\$50,000 are common, above this threshold many small Czech businesses cannot afford or secure financing. An U.S. firm's ability to provide or arrange financing is often key to building significant market share.

Trade Finance

The most elegant solution for exporters of consumer goods and industrial components may be to offer your distributor a container of product on consignment, and to enable your distributor to use proceeds from the first container to finance additional containers. For higher-value items, financing is tricky, yet crucial. Lease finance is an increasingly popular approach for equipment, vehicles, and other large capital items. Food exporters should consider the U.S. Department of Agriculture's GSM program (see contacts below). Non-food exporters should contact the U.S. Eximbank and Small Business Administration for information about their trade financing programs. In addition, a number of U.S. states and port authorities may offer financing assistance.

Payment Methods

Most Czech firms use prepayment or partial prepayment with the balance due upon delivery or net 30-day terms. On shipments under US\$2,000, consider asking the buyer to pay by credit card. Czech firms are familiar with letters of credit, documentary collections, and wire transfer/cash in advance. Most would prefer not to use a letter of credit due to its high cost.

Project Finance

Because most Czech firms and government agencies lack expertise in assembling financing packages for major projects or acquisitions, your ability to aid them in this process will be a critical part of the sales process. In some cases, your willingness to help assemble financing will put you ahead of competitors; in still more cases, your ability to put together a financing package will create a market that otherwise would not exist. A very good first step in pursuing a large project is to contact the U.S. Trade and Development Authority for information about their grants to fund major project feasibility studies. These first-stage grants -- that can go as high as \$1 million -- are often the best way to get a major project moving.

When looking beyond the first stage into project development, your firm will need to work with Czech counterparts to assemble a complex package from several sources. Besides private financing from banks or other sources, possible sources of funding include:

- U.S. Eximbank (to finance U.S. equipment purchases)
- Local bond offerings (for municipal and government projects)
- Funding from International Finance Institutions (such as the European Investment Bank and the European Bank for Reconstruction and Development) or from the European Union's structural and cohesion funds.

Foreign Exchange Controls Affecting Trade

The Czech crown is fully convertible and there are no foreign exchange controls affecting trade in goods.

The Banking System

U.S. firms will be able to choose between a number of foreign banks and large local banks offering highly professional service. Foreign and large domestic banks (such as Komerční and CSOB) offer corporate checking accounts and debit cards. Most payments are made by bank transfer; checks are rarely used. Internal bank transfers take one day; domestic transfers take three days; transfers between major U.S. and Czech banks usually take less than a week. Some Czech commercial banks offer brokerage, investment advisory and underwriting services.

Financial Contact Information

Local Commercial Banks with Correspondent U.S. Banks

Ceskoslovenská obchodní banka (CSOB)

Ing Miroslav Klima, International Financing, Tel.: (+420) 224 118 034, Fax: (+420) 224 113 367
e-mail: mklima@csob.cz, www.csob.cz

Komerční banka

Ing Jana Svabenská, International Financing, Tel.: (+420) 222 432 018, Fax: (+420) 224 229 330
e-mail: Jana_Svabenska@kb.cz, www.koba.cz

Zivnostenská banka

Mr. Petr Merezko, Structured Finance, Tel.: (+420) 224 127 204, Fax: (+420) 224 127 273
e-mail: merezko@zivnobanka.cz, www.ziba.cz

Citibank

Mr. Miroslav Lukac, Corporate Finance, Tel.: (+420) 233 061 837, Fax: (+420) 233 061 614
e-mail: miroslav.lukac@citicorp.com, www.citibank.cz

GE Capital Bank a.s.

Ms. Sona Slavceva, Financial Director, Tel.: (+420) 224 441 111, Fax: (+420) 224 441 500
e-mail: sona.slavceva@gecapital.com, www.gecb.cz

U.S. Venture capital funds

Renaissance Partners

Mr. Dalibor Jerabek, Executive Officer, Tel.: (+420) 222 252 407, Fax: (+420) 222 251 791,
e-mail: dalibor.jerabek@rp.cz, www.rp.cz

Venture Investors

Mr. Michal Rostock, Investment Banking, Tel.: (+420) 221 975 501, Fax: (+420) 221 975 502
e-mail: venture-investors@iol.cz, www.ventureinvestors.cz

Benson Oak

Mr. Gabriel Eichler, Director, Tel.: (+420) 222 512 422, Fax: (+420) 222 520 334

e-mail: ge@bensonoak.com, www.bensonoak.com

Czech Government Sources

Environmental fund

Ms. Radka Bucilova, Director, Tel.: (+420) 267 994 301, Fax: (+420) 272 936 585

e-mail: rbucilova@sfzp.cz, www.sfzp.cz

CzechInvest

Mr. Martin Jahn, General Director, Tel.: (+420) 296 342 500, Fax: (+420) 296 342 502

e-mail: marketing@czechinvest.org, www.czechinvest.org

CzechInvest offers numerous financial and other incentives for foreign companies beginning major projects in the Czech Republic.

Financial/Lending Institutions

Export-Import Bank of the United States

tel.: (800) 565-EXIM (3946)

International Business Development Division, tel.: (202) 565-3900 fax: (202) 565-3731

NIS/Eastern Europe, fax: (202) 565-3816

Prague: Czech Export Bank, Miroslava Hrnčirova, Deputy Manager, tel.: (+420) 222 843 111 fax: (+420) 224 226 162.

Call 1-800-USA-TRADE for the location of your nearest U.S. Export Assistance Center. The U.S. Export-Import Bank (EXIM) promotes the export of U.S. goods and services through a variety of loan, guarantee, and insurance programs. All of its programs are available for the Czech Republic. EXIM can guarantee U.S. commercial bank financing for U.S. exporters and provide lines of credit to Czech buyers through major Czech banks. Its export insurance programs provide insurance coverage against the risk of default on foreign receivables. e-mail: info@exim.gov, www.exim.gov

U.S. Trade and Development Agency (TDA)

Ned Cabot, European Regional Director, tel.: (703) 875-4357; fax: (703) 875-4009, e-mail:

info@tda.gov, www.tda.gov TDA funds feasibility studies, consulting projects, training programs, and other planning services related to major projects.

Overseas Private Investment Corporation (OPIC)

OPIC Information Line: (202) 336-8799; OPIC Fax: (202) 336-8700 e-mail: info@opic.gov,

www.opic.gov OPIC's key programs are loan guarantees, direct loans, support for private investment funds that provide equity to businesses overseas, and investment insurance against foreign political risk.

Commodity Credit Corporation (CCC)

Foreign Agricultural Service, USDA, AG Box 1031, Washington, DC 20250-1031 Deputy

Administrator, Export Credits, fax: 202-720-2949 For copies of GSM program regulations, call (202) 720-3224 e-mail: McElvain@usda.gov, www.fas.usda.gov

The Commodity Credit Corporation (CCC) of the U.S. Department of Agriculture administers export credit guarantee programs for U.S. agricultural exports. The programs encourage exports to buyers in countries where credit is necessary to maintain or increase U.S. sales, but where

financing may not be available without CCC guarantees. Two programs underwrite credit extended by the private banking sector in the United States to approved foreign banks using dollar-denominated, irrevocable letters of credit to pay for food and agricultural products sold to foreign buyers. The Export Credit Guarantee Program (GSM-102) covers credit terms up to three years. The Intermediate Export Credit Guarantee Program (GSM-103) covers longer credit terms up to 10 years. GSM financing is available to U.S. firms selling into the Czech Republic.

U.S. Small Business Administration

Office of International Trade, tel.: (202) 205-6720, fax: (202) 205-7272 SBA offers an export working capital guarantee program, whereby SBA will guarantee up to 75 percent of a bank loan to provide working capital or a line of credit to exporters. e-mail: answerdesk@sba.gov, www.sba.gov

Multinational Development Bank/other International Financial Institution Offices

International Finance Corporation (IFC)

Harold Rosen, Director, Central & Southern Europe tel.: (202) 473-8841, e-mail: hrosen@ifc.org
Esteban Altschul, Senior Investment Officer, tel.: (202) 473-5336, fax: (202) 974-4314 The International Finance Corporation (IFC), part of the World Bank Group, offers long-term project finance. Milos Vecera, tel.: (+420) 224 401 402; fax: (+420) 224 401 410 e-mail: mvecer@ifc.org, www.ifc.org

Multilateral Investment Guarantee Agency

Roger Pruneau, Vice President, Guarantees, tel.: (202) 473-6168 Stine Andresen, Manager: Eastern Europe, tel.: (202) 473-6157, fax: (202) 522-2630. Like its counterpart OPIC, MIGA provides insurance to cover the risk of currency transfer, expropriation, war, and civil disturbance, and breach of contract by the host government. e-mail: Mikawa@worldbank.org, www.miga.org

European Union (EU) Programs

Brussels: European Commission

Mr. Ruud van Enk, DG IA, tel.: (+32 2) 2995-071, fax: (+32 2) 2957-502 Prague: Stephen Collins, Head of Investment Section, tel.: (420 2) 2431-2835, fax (420 2) 2431-2850, e-mail: archiv@delcze.cec.eu.int, <http://europa.eu.int>. EU funding is being used to build infrastructure, strengthen public administration, adopt EU legislation, and promote democratic institutions.

European Bank for Reconstruction and Development (EBRD)

London: Alice Davenport, SCO, tel.: (+44 171) 588-4027/28, fax: (+44 171) 588-4026, e-mail: gene.harris@mail.doc.gov, www.ebrd.org Alain Pilloux, Director, PCSB Team London HQ, tel.: (+44 171) 338-6561, fax: (+44 171) 338-7199. Prague: tel.: (+420) 224 239 070, fax: (+420) 224 233 077. Like the IFC, EBRD can either work independently, or arrange co-financing packages in conjunction with other multilateral government and private institutions.

European Investment Bank (EIB)

Accession countries contact: Mr. Paul Gerd Löser, tel.: (+35 2) 43 79 31 39, fax: (+35 2) 43 79 3189, e-mail: p.loeser@eib.org, <http://www.eib.org>. EIB is the EU long term financing institution; its goal is to contribute towards the integration, balanced development and economic and social cohesion of the Member Countries.

PHARE

The PHARE program is one of the three pre-accession instruments financed by the European Union to provide financing for new Central and Eastern European countries in their preparations for joining the European Union. Contact: EU Funding Advisor, U.S. Mission to the EU.
brussels.ed.office.box@mail.doc.gov, www.buyusa.gov/europeanunion

FCS Brussels
American Embassy
US Commercial Service
Regentlaan 27 Boulevard du Regent
1000 Brussels, Belgium
Tel.: +32 2 508 2425, Fax: +32 2 512 6653

9. BUSINESS TRAVEL

Traveling in the Czech Republic

Visitors will find traveling in the Czech Republic to be much like traveling in Western Europe, except that costs are lower for food and transport, particularly in the off-season (November through April). Basic English is widely spoken in most hotels and restaurants. International hotels and restaurants catering to foreigners accept major credit cards, although smaller hotels and restaurants may not. Currency exchange is widely available, as are Koruna-dispensing ATM's, that accept most U.S. bankcards.

Major cities have Western-style hotels, though you may consider reducing costs (and getting more local flavor) by staying in smaller, non-business hotels. Many restaurants offer a wide variety of international cuisines. Prague menus are usually in Czech and English. Tap water is safe, though metallic tasting. Bottled water is widely available; infants up to one year old should be given special "infant water."

Prague has good Western-style medical clinics and English-speaking doctors and dentists. For major operations and complicated illnesses, most Westerners return to the USA or go to nearby Germany or the U.K. We recommend travel insurance sufficient to cover costs of medical evacuation out of country. Prague and most major outlying cities have pharmacies that stock most Western medicines or that can order specialized prescriptions in 24 hours. U.S. prescription drugs often have different names in Europe. Travelers should carry prescriptions noting generic names. Keep all prescription drugs in original containers to avoid problems with Customs officials. In winter, Prague air pollution can pose problems for those with respiratory conditions.

Local telephone and mail services are good, reliable and inexpensive. U.S. long distance operators serve Prague through direct access numbers. Express mail is available through several companies.

In central Prague, visitors will often find walking faster (and more relaxing) than auto travel. The city also has fine, usually quick, public transit to most points. For trips outside Prague, we recommend hiring a car for the day. The domestic train network is extensive and can be slow.

Business Customs and Etiquette

Because Prague is a small, tightly knit city, word-of-mouth reputation is extremely important, and news about you -- good or bad -- will spread quickly. Czechs are more reserved than Americans, and will be nervous about a typical American "let's get down to business" approach. Cold-calls and hard sell tactics will be viewed as amateurish and even rude. Start slowly by building a few good relationships. Let your new Czech friends introduce you to their friends, and soon you will have a good business network. An attempt to take the city by storm with a flurry of quick meetings and barrage of e-mails is more likely to arouse suspicion than business. Czechs prefer to get to know you -- to learn about your background and your company, and then, if they are comfortable with you, get down to deal-making around the dessert course, or even at a follow-up meeting. Most Czechs want to build long-term, two-way business relationships, and will be put off by too much emphasis on an immediate sale.

Americans may feel that Czech business people are not warm and friendly. Czechs do not smile as a social signal of greeting, as Americans, Britons, and many other Westerners do, but

only when they are amused or pleased. This can create a false impression that Czechs are cold or unfriendly. Also, Czechs are a more formal people than are Americans, and a serious demeanor is regarded as a sign of respect for the visitor and the business being transacted.

The business custom is to be punctual - even early - for appointments and engagements. It is best to start arranging meetings several weeks before you visit, as Czechs are reluctant to arrange impromptu meetings at the last minute.

Czechs dress more formally than their American counterparts, preferring dark business suits and ties, and often vests. While a blazer or sports jacket is sometimes acceptable, Czechs find "American casual" a turn-off.

Business partners do not usually call each other by their first names, and Czechs may be offended if their foreign visitors address them by their first names without first being invited to do so. It may take several meetings to establish a sense of rapport and a more relaxed attitude.

Czechs are very gracious and will open a meeting with the offer of coffee, tea, water, juice, and cookies when they host business visitors. It is polite to accept at least a glass of water. Coffee and tea will be served in real china cups and juice or water in glass or crystal - never plastic or Styrofoam. Business luncheons normally are more formal and leisurely than in the United States. Even if dining alone with one business contact, expect to order multiple courses and do not expect the lunch to be finished in less than two hours. Rushing through lunch because of the press of business is considered ill mannered. Working breakfasts are not common in the Czech Republic. Although the Czechs regard the custom as an amusing American oddity, they are also very amenable to attending, as an offer of food is considered gracious and the typical Czech working day starts early.

Security/Travel Advisories

The Department of State has issued multiple public announcements since September 11, 2001 cautioning Americans worldwide to maintain a level of vigilance against potential terrorist incidents. All Americans are advised to be continually aware of their surroundings and be alert to suspicious activities or individuals. There are no outstanding travel advisories warning against travel to the Czech Republic. Prague and other Czech cities are very safe by U.S. standards, but visitors are encouraged to exercise common sense precautions and be particularly wary of Prague's famously efficient pickpockets and occasional mugging/violent street crime. Be careful in and around train stations and when boarding and exiting trams. Taxi drivers, particularly those at train stations and those hailed on the street, are notorious for overcharging; sometimes-becoming abusive or even violent if exorbitant fares are not paid. We suggest you phone for a taxi (your hotel can advise on honest drivers) or have the hotel arrange transport. If you must hail a taxi on the street, agree on an estimated fare with the driver in advance. Consult the State Department's website (www.travel.state.gov) for updates and current travel advisories.

Visa Requirements

U.S. passport holders (not U.S. resident aliens or refugee document holders) may visit the Czech Republic for tourism without a visa for 90 days. For this purpose, "business" is defined as consultations, negotiations, etc., but not employment reimbursed from an employer located in the Czech Republic. For stays of longer than 90 days or for purposes other than tourism/business, a new law requires any foreigner to obtain a visa in advance from a Czech

Embassy or Consulate. Foreigners are no longer allowed to change their status from tourist to student or worker, or to extend their stay while still in the Czech Republic. Instead, a visa must be obtained from outside the country. The Czech Government expects that visa processing may take two or more months. Details on how to apply for a visa are available from the websites of the Czech Embassy in Washington (www.mzv.cz/washington), or from the Czech Ministry of Foreign Affairs (www.mzv.cz).

Entry of Computers, Software, Exhibit Materials

We are not aware of difficulties in bringing in computers, software, or exhibit materials.

Holidays

January 1 New Year's Day
(Varies) Easter Monday
May 1 Labor Day
May 8 Liberation Day
July 5 Cyril & Methodius Day
July 6 Jan Hus Day
September 28 Statehood Day
October 28 Czech Founding Day
November 17 Struggle for Freedom Day
December 24 Christmas Eve
December 25 Christmas Day
December 26 St. Stephen's Day

When scheduling meetings or events to which Czech business guests are invited, it is best to avoid Friday afternoon (and Friday morning, if possible), as many Czechs have country houses to which they travel as early as possible on Friday. Czechs regard weekends and holidays as near-sacrosanct family time, and they avoid allowing business to intrude on this time. As is the case in much of Europe, it is harder to make business appointments and contacts in the Czech Republic during August and close to major holidays, such as Christmas or Easter week. The workweek is the standard 40 hours (Monday through Friday), although Czech working days tend to start - and therefore, end - earlier in many firms.

Key Contacts for Travelers

Communications

Country code 420 + number
To U.S.: 001 + number
To U.S. (discount number after 5pm and on holidays and weekends): 952 001 + number

Emergency numbers

U.S Embassy (+420) 257 530 663 www.usembassy.cz
- after hours (+420) 257 532 716
- emergency (+420) 257 532 715
Czech Emergency Number: 112

Medical Centers

Canadian Medical Center – (+420) 235 360 133, after hours (+420) 724 300 303
Motol Hospital - adults (+420) 224 433 681, (+420) 224 433 682, children (+420) 224 433 690
Hospital Na Homolce - adults (+420) 257 272 174 www.homolka.cz
- after hours (+420) 257 272 191
- children (+420) 257 272 025
- after hours (+420) 257 272 043
- dental (+420) 257 272 601

Transportation

Airport Information (+420) 220 113 314
Taxi Services:
AAA Cabs (+420) 233 113 311 www.aaa.radiotaxi.cz
Profi (+420) 261 314 151
Express mail and couriers:
Fedex (+420) 244 002 200 www.fedex.cz
DHL 1-800-103-000 www.dhl.cz
UPS 1-800-181-111

Selected Hotels

Hilton Prague (+420) 224 841 111 www.hilton.com
Holiday Inn (+420) 224 393 111 www.holidayinn.cz
Inter-Continental (+420) 224 881 100 www.interconti.com
Marriott (+420) 222 888 888 www.marriott.com
Radisson SAS (+420) 222 820 000 www.radisson.com
Renaissance (+420) 221 822 101 www.renaissancehotels.com
Savoy (+420) 224 302 111 www.hotel-savoy.cz
Ramada hotel: +420 221 454 800, www.ramadaprague.com
Best Western Hotel Kampa: +420 257 320 404, www.eurocentur.cz

Financial Services

Citibank (+420) 233 061 111 www.citibank.cz
GE Capital Bank (+420) 224 441 111 www.gecapital.cz
American Express: (+420) 222 800 111 www.americanexpress.com, Credit cards: (+420) 224 219 960, (+420) 224 216 853

10. ECONOMIC AND TRADE STATISTICS

Country Data

Population (2003): 10,211,455
Population growth rate (2001): -1.7 percent
Religion (2001): Roman Catholic (26.8)
Protestant (Evangelical Church of Czech Brethren) (1.1 %)
No religious affiliation (59.0%)
Government system: Parliamentary Democracy
Languages: Czech
Length of Work Week: 40 hours

Sources of data: Statistical Yearbook, Research Institute of Labor.

Domestic Economy

	2001	2002	2003
GDP (billion current \$)	56.7	69.6	85.46
GDP Growth Rate (%)	3.3	2.0	2.9
GDP per capita	5,529	6,798	8,377
Central gov't spending (% GDP)	28.8	29.4	33.1
All gov't spending (% GDP)	44.2	46.6	46.3
Inflation (%)	4.7	1.8	0.1
Unemployment (%)	8.5	9.2	10.0
Foreign Exchange Reserves (\$ bill.)	14.5	23.7	26.9
Average Exchange Rate (CZK to \$1)	38.0	32.7	28.2
Foreign Debt (\$ bill.)	21.7	26.3	34.9
Debt Service Ratio (%)	6.0	6.0	6.5

Sources of Data: Czech National Bank, Ministry of Finance, Czech Statistical Office

Trade

Imports in the following table are according to country of origin, and exports are according to country of destination, in \$millions, f.o.b. basis.

	2000	2001	2002	2003
Total Country Exports	29,054	33,369	40,969	48,723
Total Country Imports	32,549	36,504	43,421	51,306
Trade Deficit	-3,495	-3,135	-2,452	-2,583
U.S. Exports (to Czech Rep.)	1,411	1,435	1,326	1,594
U.S. Imports (from Czech Rep.)	801	977	1,091	1,190
U.S. Trade Surplus	610	438	235	404

Sources of Data: Czech Statistical Office

11. KEY CONTACTS

American Embassy Prague H.E. William Cabaniss, Ambassador

Trziste 15, 118 01 Praha 1

Tel.: (+420) 257 530 663, Fax: (+420) 257 530 583

web: www.usembassy.cz

Ms. Lisa Helling, Press Attaché

Tel.: (+420) 257 530 663, ext.2401 Fax: (+420) 257 530 223

Mr. Richard Appleton, Consul General

Tel.: (+420) 257 530 663, Fax: (+420) 257 534 028

Mr. Robert R. Kiene, Economic Officer

Tel.: (+420) 257 530 663, Fax: (+420) 257 532 717

U.S. Commercial Service

Tel.: (+420) 257 531162; Fax: (+420) 257 531 165

web: www.export.gov; www.cscentraleurope.org

U.S. Department of Commerce website for international transactions:

www.buyusa.gov/czechrepublic/en

<http://www.mac.doc.gov/ceebic/>

Mr. Richard Steffens, Commercial Counselor

e-mail: richard.steffens@mail.doc.gov

Mr. Mark Russell, Commercial Attaché

e-mail: mark.russell@mail.doc.gov

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Mr. Ed Zawadzki - Sectors: financial and business services, education/training, real estate

e-mail: ed.zawadzki@mail.doc.gov

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e-mail: luda.taylor@mail.doc.gov

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Ms. Veronika Novakova – Sectors: environmental Products/Services,

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e-mail: choteborska@fas.usda.gov, web: www.fas.usda.gov

U.S. Department of Commerce Advocacy Center

Ms. Pat Nugent, Tel.: 202-482-3392, web: www.ita.doc.gov/td/advocacy

U.S. Department of Commerce

Central and Eastern Europe Business Information Center (CEEbic)

Mr. Sean Timmins, Tel. 202 482-2645, FAX 202 482-3898
e-mail: sean_timmins@ita.doc.gov; ceebic@ita.doc.gov, web: www.export.gov/ceebic

American Chamber of Commerce

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e-mail: chicago@czechtrade.cz, Web: www.czechtrade.cz/en/

CzechTrade USA, Miami
Mr. Roman Matyas
5805 Blue Lagoon Drive, Suite 450, Miami FL 331 26,
Tel. + Fax: (305) 261-6313, (305) 261-6314
e-mail: miami@czechtrade.cz, Web: www.czechtrade.cz/en/

CzechInvest, the Czech Agency for Foreign Investment

Mr. Martin Jahn, General Director
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e-mail: programy@czechinvest.org, web: www.czechinvest.org

Economic Chamber of the Czech Republic

Mr. Jaromír Drábek, President
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Tel.: (420) 224 096 111, (420) 224 096 252, Fax: (420) 224 096 221, (420) 224 096 257
e-mail: prezident@komora.cz, web: www.hkcr.cz

Czech Office for Standards, Metrology and Testing

Mr. Alexander Safarik-Pstrosz, President
Gorazdova 24, 128 01 Prague 2
Tel.: (+420) 224 915 489, Fax: (+420) 224 915 064
e-mail: safarik@unmz.cz, web: www.unmz.cz

General Directorate of Customs

Mr. Zdeněk Rychtr, General Director
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E-mail: podatelna-grc@cs.mfcr.cz, web: www.mfcr.cz

Czech Confederation of Industry

Mr. Jaroslav Mil, General Director
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Tel.: (+420) 224 915 250, Fax: (+420)224 915 252
e-mail: spcr@spcr.cz, web: www.spcr.cz

Ministry of Finance

Statistics website: www.mfcr.cz

Dun & Bradstreet

Konevova 2747/99, 130 00 Praha 3
Tel.: (+420) 271 031500, Fax: (+420)271 031 530
e-mail: custserv@dbis.cz, web: www.dbis.cz

12. MARKET RESEARCH

The U.S. Commercial Service provides market alert reporting on sector opportunities as well as International Market Insight (IMI) reporting and Industry Sector Analysis (ISA) of growing market sectors. This information is available via the CS Prague website (www.buyusa.gov/czechrepublic/en), and the www.buyusa.com and www.export.gov/ceebic websites.

Other sources to consider include:

The Fleet Sheet

A daily English language digest of Czech news, tel. (+420) 221 004 315, fax, (+420) 224 221 580, www.fleet.cz, email: info@fleet.cz

Czech Ministry of Finance (economic and trade statistics)
www.mfcr.cz/celni_sprava/zahranicni_obchod

13. TRADE EVENT SCHEDULE

Agriculture

FAS Representative: Petra Choteborska, choreborska@fas.usda.gov

Zeme Zivitelka -- International Agricultural Fair

August 26 - September 1, 2004, Ceske Budejovice, www.vystaviste.cb e-mail: info@veb.cz

PragaAgro -- International Fair of Agriculture, Food Industry, Forest and Water Management

October 21-23, 2004, Prague; www.praga-agro.cz, e-mail: mika@abf.cz, slatinska@abf.cz

Automotive

CS contact: Zdenek Svoboda, zdenek.svoboda@mail.doc.gov

Autotec 2006 -- Commercial Vehicle Show in Brno

June 5-9, June 2006, www.bvv.cz/autotec, e-mail: autotec@bvv.cz

Building/Construction

CS contact: Hana Obrusnikova, hana.obrusnikova@mail.doc.gov

IBF - International Building Fair

April 19. -- 23. 2005, Brno; www.bvv.cz/ibf, e-mail: ibf@bvv.cz

Forarch -- International Building Fair September 14 -- 18.9. 2004, Prague, www.forarch.cz, e-mail: plecita@abf.cz

Chemical and Plastics

CS contact: Hana Obrusnikova, hana.obrusnikova@mail.doc.gov

Chemtec Praha -- 10th International Fair of Chemical and Plastics Industry

October 5-7, 2004, Prague; www.incheba.cz, e-mail: chemtec@incheba.cz

Defense

CS contact: Hana Obrusnikova, hana.obrusnikova@mail.doc.gov

IDET (Defense and Security Technology and Special Information Systems)

May 3-5, 2005, Brno; www.bvv.cz/idet, e-mail: idet@bvv.cz

Food

FAS Representative: Petra Choteborska, chorteborska@fas.usda.gov

Salima (Pivex, Vinex) -- International Gastronomy Fair (beer, wine fair)

March 2006, Brno www.bvv.cz/salima, e-mail: salima@bvv.cz

FAS organizes educational seminars

May 2005, Prague; www.volny.cz/vegoprag, e-mail: vegoprag@telecom.cz

Engineering

CS contact: Hana Obrusnikova, hana.obrusnikova@mail.doc.gov

44th International Engineering Fair
September 2004, Brno; www.bvv.cz/msv, e-mail: msv@bvv.cz

Environment

CS contact: Veronika Novakova, veronica.novakova@mail.doc.gov

EnviBrno -- Innovative Environmental Technologies
April 2006 Brno; www.bvv.cz/envibrno, e-mail: siwewin@bvv.cz

Machine Tools

CS contact: Zdenek Svoboda, zdenek.svoboda@mail.doc.gov

International Machine Tools Fair
September 13-17, 2004, Brno www.bvv.cz/imt, e-mail: imt@bvv.cz

Medical/Pharmaceutical

CS contact: Veronika Novakova, veronica.novakova@mail.doc.gov

MEFA -- 11th International Fair of Medical Technology and Pharmacy
November 2-5, 2004, Brno; www.mefa.cz/mefa, e-mail: mefa@bvv.cz

Pragomedica -- Medical Equipment and Pharmaceuticals
April 2005, Prague, www.incheba.cz/pragomedica/welcome.htm, e-mail: pragomedica@incheba.cz

Pragodent -- Dental Apparatus, Instruments and Surgery Equipment
October 14-16, 2004, Prague, www.incheba.cz/pragodent/welcome.htm, e-mail: m.benesova@incheba.cz

Telecommunications

CS contact: Luda Taylor, luda.taylor@mail.doc.gov

13th International Fair of Information and Communication Technology
October 11-15, 2004, Brno; www.bvv.cz/invex, e-mail: invex@bvv.cz

Tourism

CS contact: Ed Zawadzki, ed.zawadzki@mail.doc.gov

Holiday World '03 -- Central Europe's Premier Tourism Industry Event
February 2005, Prague; www.ite-exhibitions.com/travel, e-mail: travel@ite-exhibitions.com

Major Show Organizers in the Czech Republic

For updated information on additional trade shows, consult:

BVV – Brnenské veletrhy a vystavy, a.s., web: www.bvv.cz, e-mail: info@bvv.cz

Incheba Praha, s.r.o., Web: www.incheba.cz, e-mail: a.benes@incheba.cz